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April 6, 1994

Mr. William F. Caton Acting Secretary Federal Communications Commission 1919 M Street, N.W., Room 222 Washington, D.C. 20554

Re:

MM Docket No. 91-221

Dear Mr. Caton:

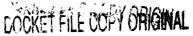
On behalf of various clients of this firm, there are transmitted herewith an original and four copies of Joint Comments Regarding Request For Prompt Resolution Of Rulemaking Proceeding in connection with the above-noted proceeding.

Also enclosed is a Document Index Term Sheet referencing the above-noted MM Docket.

If further information is necessary, please communicate with this office.

> Jr. tis,

VJC:mah Enclosures



**BEFORE THE** 

# Federal Communications Commission

WASHINGTON, D.C. 20554

PEDERAL COMMUNICATIONS COMMISSION

In the Matter of )

Review of the Commission's ) MM DOCKET NO. 91-221 / Regulations Governing )

Television Broadcasting )

Directed to: The Commission

# JOINT COMMENTS REGARDING REQUEST FOR PROMPT RESOLUTION OF RULEMAKING PROCEEDING

Galloway Media, Inc., Associated Broadcasters, Inc., Love Broadcasting Company, Capitol Broadcasting Company, KADN Broadcasting, Inc., Delta Management Company, Fant Broadcasting Company of Nebraska, Inc., Fant Broadcasting Company of Ohio, Inc., WNAL-TV, Inc., Greenville Television, Inc., and San Diego Television, Inc. ("Joint Commenters"), by their attorneys,

¹Galloway Media is the licensee of Station WGMB, Baton Rouge, Louisiana; Associated Broadcasters, Inc. is the licensee of Stations KWKT(TV), Waco, Texas, KPEJ(TV), Odessa, Texas, and KVEO(TV), Brownsville, Texas; Love Broadcasting Company is the licensee of WLOX-TV, Biloxi, Mississippi; Capitol Broadcasting Company is the licensee of WRAL-TV, Raleigh, North Carolina, KADN Broadcasting, Inc. is the licensee of Station KADN(TV), Lafayette, Louisiana; Delta Management Company is the licensee of Station WNTZ-TV, Natchez, Mississippi; Fant Broadcasting Company of Nebraska, Inc. is the licensee of Stations KGHI-TV, Kearney, KSNB-TV, Superior, KWNB-TV, Hayes Center, Nebraska; Fant Broadcasting Company of Ohio, Inc. is the licensee of Station WWAT(TV), Chilicothe, Ohio; WNAL-TV, Inc. is the licensee of Station WNAL-TV, Gadsden, Alabama, Greenville Television, Inc. is the licensee of Station WNAL-TV, Greenville, Mississippi; and San

hereby respectfully submit their joint Comments regarding the "Request for Prompt Resolution of Rulemaking Proceeding of Benedek Broadcasting Corporation, Chronicle Broadcasting Company, Lin Broadcasting Corporation, Midwest Television, Inc., Paducah Newspapers, Inc., Post-Newsweek Stations, Inc., Providence Journal Company, and The Spartan Radiocasting Company," ("Benedek et al.") submitted February 24, 1994, with regard to the above-captioned matter. With respect thereto, the following is submitted:

Joint Commenters, who are all television station licensees or permittees, concur in the request for prompt resolution of the Commission's rulemaking proceeding which commenced with its Notice of Proposed Rule Making, Review of the Commission's Regulations Governing Television Broadcasting, 7 FCC Rcd 4111 (1992) (the "NPRM".) As the Commission recognizes in the NPRM, the time has come for the Commission to reconsider the obsolete ownership policies that impair competition and make no economic sense today. Instead of increasing diversity of views, the multiple ownership and duopoly rules impair competition in the modern television market and threaten the economic viability of weaker UHF stations. Moreover, both rules seriously compromise

Diego Television, Inc., debtor-in-possession, is the licensee of Station KTTY(TV), San Diego, California.

<sup>&</sup>lt;sup>2</sup>Joint Commenters are television station licensees and permittees in smaller markets. Fant Broadcasting Company of Nebraska, Inc. and Fant Broadcasting Company of Ohio, Inc., are television newcomers. Therefore, they are particularly affected by the ownership rules and are in an excellent position to comment on their effects. A large number of other television

the ability of broadcasters to participate in the National Information Infrastructure (the "NII".) The Commission should act immediately to ensure that broadcasters and their viewers are not left behind as the NII develops.

### I. OWNERSHIP LIMITATIONS HAVE LOST THEIR PURPOSE

The Commission's rules limit to twelve the number of television stations that a party may control. The duopoly rule prohibits ownership of more than one television station in a market. Originally, these prohibitions sought to ensure that every television viewer would have access to a diversity of viewpoints, and they were based on the assumption that different ownership would result in beneficial competition between stations for advertising dollars and audience shares. Today, however, with the introduction of competition from multichannel media such as cable, many free over the air television stations are struggling merely to survive. As pointed out in the NPRM, in 1989, at least 25% of stations in the top ten markets experienced losses, and many weaker UHF stations have been forced off the air altogether by economic failure. NPRM at 4112. As Commissioner

broadcasters cannot even afford to get involved in this proceeding, as their revenues make it difficult for them to obtain the necessary legal assistance. Thus, contrary to recent reports, <u>Broadcasting & Cable</u>, April 4, 1994, p.36, this proceeding does not concern just large broadcasters and networks that are interested solely in the question of national ownership limits. The local question, and how smaller television stations will be able to compete in the future world of NII, is very much the focus of this proceeding and of vital importance to all broadcasters.

James Quello has said on numerous occasions, the backbone of the concept of free, over the air broadcasting rests in local programming. The economic impact and financial losses suffered by television broadcasters can only have a detrimental effect on local services.

At the same time, diversity of viewpoints is ensured by the sheer number of channels available to the public. Sixty percent of all television households subscribe to cable, and more than half of American households receive at least thirty channels of programming. <u>Id.</u>. Thus, viewpoint diversity could not possibly be compromised by allowing a television licensee to own more than twelve television stations nationwide, two stations with overlapping Grade B contours, or stations in different services in the same market. In fact, eliminating or increasing the numerical ownership limits or permitting ownership of more than one station in the market would result in increased programming diversity as broadcasters use their leverage with advertisers and programmers to acquire programming targeted at smaller sections of their audience. In this context, it makes sense to relax the ownership limits and permit operating arrangements to ensure the economic viability of stations and to preserve the very diversity whose quest was at the origin of the policies.

### II. THE OWNERSHIP RULES HAVE ANTICOMPETITIVE EFFECTS

The numerical limit rule and the duopoly rule place television licensees at a disadvantage vis a vis cable

There are no restrictions on the number of channels programmers. a programmer may occupy, nor to the audience share it may reach. Thus, cable programmers enjoy significant economies of scale and scope, and they gain leverage in their negotiations with advertisers because they are able to reach more than one segment of the local population. It is tremendously unfair to artificially deprive broadcasters of the same competitive opportunities. As the Commission has recognized, the decrease in broadcasting revenues and audience shares is directly linked to the increased availability of cable. NPRM at 4112. The future advent of Direct Satellite Broadcasting ("DBS") and Video Dialtone ("VDT") can only add to this situation. Broadcasters need immediate relief in the form of relaxed ownership rules that permit them to make rational decisions regarding ownership and programming that make economic sense and aid their survival.

# III. THE OWNERSHIP RULES HINDER BROADCASTERS' PARTICIPATION IN THE NII

In a time when building the national information infrastructure (NII) has become a national priority, it is senseless and unfair to prevent television licensees from participating by artificially and uneconomically limiting to twelve the total number of stations they may own nationwide, and to one the number of stations they may own in a market. These ownership limitations place television licensees at a substantial economic disadvantage with respect to the other players in the

NII who are free to combine their resources and often enjoy two streams of revenue. The Commission should act now to provide broadcasters with a more level playing field before their chance to participate in the NII has passed. As pointed out by Assistant Secretary of Commerce and Administrator of the National Telecommunications and Information Administration Larry Irving, "[b]roadcasters remain the principal source of free, universally available electronic information in the United States, and it is important to ensure full participation by that industry in the NII."<sup>3</sup> Over-the-air television is currently the only truly universal service. It is also the only information service that is delivered to its audience free of charge, and the only medium with a public interest mandate. If indeed "[f]ree universal broadcasting is the most valuable asset this democracy possesses and must be allotted highest priority in any future communications transmission highway", 4 it is time for the FCC to give broadcasters the key to their own survival by allowing them to compete with other media on a more equal footing by significantly relaxing the numerical limits and the duopoly rule.

<sup>&</sup>lt;sup>3</sup>Hearings before the House Subcommittee on Economic and Commercial Law, 103rd Cong., 2d Sess. (statement of Larry Irving, U.S. Department of Commerce) (January 26, 1994.)

<sup>\*</sup>Remarks by Commissioner James H. Quello before the FCBA, Washington, D.C., March 17, 1994.

## IV. THE COMMISSION SHOULD ACT NOW

By issuing the NPRM, the Commission recognized the need to reform its numerical ownership rules and duopoly rules. The NPRM was issued almost two years ago. Since then, Chairman Hundt<sup>5</sup> and Commissioners Barrett and Quello have voiced their support for changes in these rules.<sup>6</sup> Both Congress and the Administration have also clearly indicated their support for a revision of these rules in order to facilitate participation by broadcasters in the NII. Two telecommunications bills are pending before the House, and one in pending before the Senate.<sup>7</sup>

The Senate bill specifically instructs the Commission to revise the television ownership restrictions on broadcasters. The original Markey-Fields bill made no mention of ownership limits relaxation. However, in a recent compromise amendment, the Bill was modified to direct the Commission to revisit its ownership rules.

The Hollings-Danforth Bill specifically directs the Commission "to modify or remove such national and local ownership rules ... on television broadcast stations as are necessary to ensure that broadcasters are able to compete fairly with other

<sup>&</sup>lt;sup>5</sup>Communications Daily, March 21, 1994, p.1.

<sup>&</sup>lt;sup>6</sup>Broadcasting & Cable, March 28, 1994, p.32.

<sup>&</sup>lt;sup>7</sup>These three bills are: S. 1822, 103d Cong. 2d Sess. (1994)("Hollings-Danforth Bill"); H.R. 3626, 103d Cong., 1st Sess. (1993)("Brooks-Dingell Bill"); H.R. 3636, 103d Cong., 1st Sess. (1993)("Markey-Fields Bill").

media providers while ensuring that the public receives information from a diversity of media sources." Hollings-Danforth Bill at 103. At the same time, the current Administration has voiced its support for a modification of the current ownership restrictions placed on broadcasters. Assistant Secretary of Commerce Larry Irving recently underscored that the Administration supports review of the ownership rules by the Commission as a way of "removing unnecessary and artificial barriers to participation by private firms in all communications markets while making sure that consumers remain protected and interconnected."8 In the current atmosphere of support for these reforms, it makes sense for the Commission to act without delay. Moreover, broadcasters urgently need the relief a relaxation of those rules would provide to enable them to participate in the NII on an equal footing with other media and preserve the tradition of universal service and public affairs service they represent.

### CONCLUSION

Joint Commenters fully support the Request for Prompt
Resolution of Rulemaking Proceeding of Benedek et al. submitted
to the Commission February 24, 1994. The current ownership rules
are outdated, and they restrict competition rather than promoting
it. In addition, the rules constitute a barrier to the entry of
broadcasters into the NII. Moreover, Congress the Administration

<sup>&</sup>lt;sup>8</sup>Statement of Larry Irving, <u>see supra</u>, fn. 2.

and a number of Commissioners themselves have indicated that the time has come to relax those rules. Consequently, Joint Commenters join Benedek et al. in respectfully requesting that the Commission act without delay to relax the numerical limit and duopoly rules in accordance with the NPRM.

Respectfully submitted,

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LOVE BROADCASTING COMPANY WLOX-TV, Biloxi, Mississippi

CAPITOL BROADCASTING COMPANY WRAL-TV, Raleigh, North Carolina

KADN BROADCASTING, INC. KADN(TV), Lafayette, Louisiana

DELTA MANAGEMENT COMPANY WNTZ(TV), Natchez, Mississippi

FANT BROADCASTING COMPANY
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KGHI-TV, Kearney, Nebraska
KSNB-TV, Superior, Nebraska
KWNB-TV, Hayes Center, Nebraska

FANT BROADCASTING COMPANY OF OHIO, INC. WWAT(TV), Chilicothe, Ohio

WNAL-TV, INC. WNAL-TV, Gadsden, Alabama

GREENVILLE TELEVISION, INC. WXVT-TV, Greenville, Mississippi

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April 6, 1994

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#### CERTIFICATE OF SERVICE

I, Delphine I. Davis, a secretary in the law firm of Fletcher, Heald & Hildreth do hereby certify that true copies of the foregoing "JOINT COMMENTS REGARDING REQUEST FOR PROMPT RESOLUTION OF RULEMAKING PROCEEDING" were sent this 6th day of April, 1994, by first-class United States mail, postage prepaid, to the following:

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